

# EXHIBIT 30

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2       IN THE UNITED STATES DISTRICT COURT  
3       FOR THE DISTRICT OF PUERTO RICO  
4       Case No. 17-BK-3283-LTS

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4

In re:

5

THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO,

6

as representative of

7

THE COMMONWEALTH OF PUERTO RICO, et al.,

8

Debtors.

9

-----x

Case No. 17-BK-4780-LTS

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10

In re:

11

THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO,  
as representative of  
THE PUERTO RICO ELECTRIC POWER AUTHORITY,  
Debtor.

16

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May 25, 2023

9:20 a.m.

17

18

VIDEOTAPED DEPOSITION of ELLEN SMITH,  
held at the offices of Kramer Levin  
Naftalis & Frankel LLP, located at 1177  
Avenue of the Americas, New York, New York  
10036, before Anthony Giarro, a Registered  
Professional Reporter, a Certified Realtime  
Reporter and a Notary Public of the State  
of New York.

1 ELLEN SMITH

2 form.

3 A Can you explain more what  
4 you mean by sufficient?

5 Q Do you think that LUMA  
6 should be proposing a higher number for  
7 its budgeted expense for transmission  
8 towers?

9 MS. PAVEL: Objection to  
10 form.

11           A           I think their budget for --  
12        this budget that just recently has been  
13        presented, that will be approved by PREB,  
14        I think it has in it, the work that they  
15        feel they can accomplish. Whether or not  
16        the asset conditions require something  
17        different over time, time will tell  
18        because eventually -- essentially, the  
19        entire system will have to be rebuilt.

20 Q When you say that LUMA's  
21 budget for the transmission towers  
22 reflects what they think they can  
23 accomplish, what are the constraints on  
24 what they think they can accomplish?

## 25 A Constraints include

1 ELLEN SMITH

2 A Yes .

3 Q Do you have a view on  
4 whether the amount budgeted to be spent  
5 on repairs to the transmission  
6 substations is sufficient?

7 MS. PAVEL: Objection to  
8 form.

11 A So LUMA goes through a very  
12 detailed prioritization process where  
13 they assess the criticality and the  
14 likelihood of something bad happening.  
15 And that's what their basis of their  
16 programs and projects are. So based on  
17 that assessment, I believe that what they  
18 have in their budget is what they feel is  
19 most urgently needed.

20 Q Do you have any basis to  
21 disagree with LUMA's assessment?

22 A I don't.

23 Q Are there any constraints on  
24 LUMA's ability to -- I'll ask it another  
25 way.

1 ELLEN SMITH

2 Q Has LUMA budgeted for the  
3 repair and upgrade of the distribution  
4 poles?

5 A Yes .

6 Q And do you have any view  
7 about whether it has sufficient --  
8 budgeted sufficient funds for the  
9 distribution -- the repair of the  
10 distribution poles?

13 MS. PAVEL: Objection to the  
14 form.

15           A           I don't have any reason to  
16 believe they haven't, that it doesn't  
17 meet what they're intending to do. But,  
18 again, it's a many years program to do  
19 this work.

20 Q And why does it take many  
21 years to repair the distribution poles?

1 ELLEN SMITH

2 Q Let me simplify it.

6 A Yes.

7 Q And what time span have you  
8 made these forecasts? Five years out,  
9 ten years out, 20 years out?

10 MR. MERVIS: Objection to  
11 the form.

17 Q Why would you look at five  
18 years?

19           A           Generally, the rate cases at  
20 the time were not done frequently. Now,  
21 today, they're done every three or four  
22 years. So you could keep up to date with  
23 them. But five years essentially gets  
24 you to a rate case-to-rate case view on a  
25 rolling basis.

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1 ELLEN SMITH

2 Q Can you explain to me how  
3 you would create these forecasts of  
4 capital needs for five years out?

5 MR. MERVIS: Objection to  
6 the form.

7 A Sure. So you begin by doing  
8 a very systemic inspection of your assets  
9 over a certain period of time. Those  
10 inspections result in a view of the  
11 health or condition of those assets.  
12 Then there is a prioritization process  
13 that is gone through to identify what  
14 must be done first, what can be pushed  
15 out to later years. And then there's  
16 a -- incorporated in this is  
17 understanding of how the system is  
18 performing in terms of outages and any  
19 other issues.

20 And then all that gets put  
21 together in terms of coming up with a  
22 capital plan by asset category. So by  
23 transmission, by transmission  
24 substations, distribution, distribution  
25 substations and other customer-related

1 ELLEN SMITH

2 work. So in my case, I had some of our  
3 capital needed to be spent because of  
4 customer-driven work. So we have new  
5 customers. You have to put them in  
6 service, for example.

7 Q Is what you just described  
8 consistent with how in your experience,  
9 electric utilities forecast their capital  
10 needs?

13 A Yes.

14 Q Have you ever performed  
15 forecast of capital needs for an electric  
16 utility going beyond five years?

17 MR. MERVIS: Objection to  
18 the form.

19 A № .

20 Q Is there a reason you  
21 haven't done that?

22 MR. MERVIS: Objection to  
23 the form.

24 A № .

## 25 Q Is it possible to forecast

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capital needs for an electric utility for  
a longer period than five years?

4

MS. PAVEL: Objection to  
form.

6

A It's possible. But  
generally, the view of the accuracy of  
such forecast is, you know, not great.

9

Q Why do you mean it's not  
great?

11

A Because in 10 or 15 or 20  
years, you're not really sure of what the  
system -- how it's going to be operating.  
You can forecast some things. You can  
look at your categories of equipment,  
like transformers, and you can look at  
some breakers.

18

If you have a class of  
breakers that's already 30 years old or  
older, then you could say within this  
five-year period, I have to replace a  
certain number of them. As those get  
replaced, you could say their meantime to  
failure or average life is 25 years. And  
you could say 25 more years. Then I will

1 ELLEN SMITH  
2 ten-year forecast that ties essentially  
3 to FEMA work over this period of time.  
4 But that is essentially entire rebuild  
5 work. So when you say CAPEX forecast  
6 over time, maybe you could confirm. Are  
7 you talking about a system that's  
8 operating well today?

9 Q I mean, are you aware of any  
10 methodology in your field for forecasting  
11 the capital needs of an electric company  
12 based on the network length?

13 MR. MERVIS: Objection.

14 MS. PAVEL: Objection to  
15 form. She's asked for a  
16 clarification.

17 MR. MAYRELL: And I'm trying  
18 to give her one.

19 A What do you mean by network  
20 length?

21 Q The length of the  
22 transmission and distribution lines.

23 A Like the distance?

24 Q Yes.

25 A Oh.

1 ELLEN SMITH

2 No, not specifically.

3 Distance is not generally -- I mean it's  
4 a component, circuit miles. But it's one  
5 piece of the equation.

6 Q What would be the other  
7 pieces of the equation?

8                   A                   The number of substations,  
9                   the number of transformers, the number of  
10                  breakers, the number of relays, all other  
11                  pieces.

12 Q Would the number of  
13 electricity customers be a factor in  
14 performing a longer-term forecast of  
15 capital needs?

16 MS. PAVEL: Objection to  
17 form.

18           A           If there was known load  
19   increases, customer increases, then they  
20   would be incorporated.

21 Q Would a forecast of capital  
22 needs for an electric utility need to  
23 account for, for example, the geographic  
24 constraints where a utility is operating?

25 MR. MERVIS: Objection to

1 ELLEN SMITH

2 form.

3 MS. PAVEL: Objection to  
4 form.

5                   A                   I would say yes. But I  
6                   would call it environmental constraints.  
7                   So, for example, what you build in  
8                   Upstate, New York or on the west coast,  
9                   which has a lot of fire hazards, will be  
10                  very different than what you build in  
11                  Puerto Rico.

## 12 Q Why is that?

13           A           Because the environments are  
14        different.  So Puerto Rico's a tropical  
15        environment.  But it has a rain forest.  
16        It also has an earthquake zone.  So you  
17        have to design for those factors.

1 ELLEN SMITH

2 specific to the environment that the  
3 work's being done in.

4 Q So are there differences in  
5 the environmental constraints that apply  
6 to Puerto Rico versus to the southeastern  
7 United States?

8 MS. PAVEL: Objection to  
9 form.

10 A Yes.

11 Q Could you explain what those  
12 are?

13 MR. MERVIS: Objection to  
14 form.

15           A           Wild parts of the southeast  
16       United States are tropical like  
17       environments. They're not as tropical as  
18       Puerto Rico; also, Puerto Rico has  
19       hurricane risks that are quite high. And  
20       they have earthquake risks that are quite  
21       high that are somewhat different than the  
22       southeast United States.

23 Q If I use the phrase  
24 concentration of electricity customers,  
25 do you understand what I mean by that?

1 ELLEN SMITH

2 A Yes.

3 Q So would the concentration  
4 of electricity customers affect a  
5 forecast of capital needs?

8 MS. PAVEL: Objection to  
9 form.

10 A Not independently by itself.  
11 I mean there's an obligation by utilities  
12 to serve everybody. So you have to serve  
13 everybody.

14 Q So, for example, if  
15 utilities customers are very spread out,  
16 like in a rural area, would its capital  
17 needs be different than those of a  
18 utility that mainly served an urban area?

19 MR. MERVIS: Objection to  
20 the form.

21 MS. PAVEL: Objection to

23                   A                   I will tell you, for  
24 example, New York City has a very  
25 different capital plan than Niagara

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Mohawk does in Upstate, New York. Yes.

3

They're very different. The capital

4

plans are very specific to the utilities

5

customer base and their location.

6

One more point to factor for

7

Puerto Rico I didn't mention, but I

8

should, is that it's a salt air

9

environment. Parts of the southeast of

10

the United States are not. Along the

11

coasts, they are, but not inland. So

12

that salt air environment also has to be

13

accounted for.

14

Q Have you ever seen in your  
experience, a forecast of the capital  
needs of a utility that is performed by  
comparing one utility's -- let me think  
of a better way to put this question.

19

Can you infer what the  
capital expenditures of one utility will  
be, simply by looking at another utility?

22

MR. MERVIS: Objection to  
form.

24

MS. PAVEL: Objection to  
form.

1 ELLEN SMITH

## 2 A Yes and no.

3 Q Can you explain?

4                   A                   So if Utility A and Utility  
5                   B have similar conditions and locations  
6                   and customer types, then if you're a very  
7                   large investor own utility and you have a  
8                   certain percentage of urban, certain  
9                   percentage of rural customers, then you  
10                  might be able to compare them. In other  
11                  cases, you can't.

20 MR. MAYRELL: Yes. I was  
21 figuring on going until noon. So we  
22 could take a break now.